1993. Reserve Bank of India (RBI) have taken various steps to improve the recovery performance of the commercial banks in respect of their advances to various sectors. The effective performance in this regard is looked into by Reserve Bank of India (RBI) primarily during the inspection carried out at periodic intervals, the nonperforming assets of commercial banks commented in the inspection report is closely monitored emphasising among others, the need for better recovery performance during the time of discussion with the Chairman and Managing Directors of the concerned banks. In addition, Reserve Bank of India (RBI) has also prescribed prudential norms regarding capital adequacy, income recognition, assets classification and provisioning, so as to improve the assets quality of banks.

Restructuring of BICP

1134. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether there was a proposal to form a penal to compare domestic costs and prices with those abroad to protect the local industry and to improve efficiency;

(b) if so, whether such a panel has been established and if so, the details thereof and the outcome thereof;

(c) if not, the reasons therefor;

(d) whether there was also a proposal to restructure Bureau of Industrial Costs and Prices (BICP), into a Tariff Commission; and

(e) if so, the progresess made therein?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) There is no proposal to form a panel to compare domestic costs and prices with those prevailing abroad.

(b) and (c) Does not arise.

(d) and (e) The Finance Minister in his budget speech for 1991-92 had made a mention regarding restructuring the Bureau of Industrial Costs and Prices (BICP). The matter is under examination of the Government.

Educational Loan Scheme

1135. SHRIMATI CHANDRIKA ABHINANDAN JAIN: Will the Minister of FINANCE be pleased to state:

(a) the grounds of eligibility for availing of bank loans under the Educational Loan Scheme; and

(b) the details of loans provided under the Educational Loan Scheme, State-wise, during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) Reserve Bank of India (RBI) has reported that the ground of eligibility of the student for availing of educational loan under priority sector is decided by commercial banks depending on the circumstances of each case. Normally education loans are given for higher studies in India upto college/University level leading to degree|diploma including post graduate degrees However, banks are free to grant education loans for pursuing studies upto school level. Also advances granted by banks to individuals for education purposes under special scheme, if any, introduced by them are covered under priority sector lending.

State/Union Territorise-wise data regarding educational loans provided by commercial banks during the years ended June, 1991, 1992 and 1993

(latest available) is given in the Annexure. (*See* Appendix 173. Annexure No. 28)

Mobilisation of foreign investment

1136. SHRI S. S. AHLUWALIA: Will he Minister of FINANCE be pleased to state:

(a) whether it is a fact that several foreign financial companies have been allowed to operate in the money market and in other economic activities in India;

(b) whether it is a fact that these financial companies are having financial interests all over the world and have been instrumental in channelising foreign investments into the country since commencement of their operation in India;

(c) the details of the foreign investments mobilised so far by these organisations;

(d) whether Government are aware of the extent of their potential to create hindrances, if they so desire in the flow of foreign investment and/or to enforce withdrawal of existing investment by inter alia propagating distorted peture about the state of our economy;

(e) the details of provisions allready made or contemplated by Government to safeguard the economy against the impact of such eventualities;

(f) whether some of these foreign financial companies have since recently been making publicity of their preictio of major devaluation of Rupee in the near future; and

(g) the reaction of Government to a foreign companies indulging in such specuation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHARA MURTHY): (a) Foregn Institutional Investors (FIIs) registered with the Securities and Exchange Board of India (SEBI) are allowed to invest in the securities of Indian firms which are listed or are to be listed on the Stock Exchange in India as well as in schemes floated by domestic mutual funds. FIIs are not allowed to invest in any other type of securities including money market instruments such as treasury bills. Foreign Financial Companies are also permitted on a case by case basis to established joint ventures in Indian to carry out activities like merchant banking and Securities broking.

(b) There are 306 FIIs registered with SEBI (as on 11.3.1995) representing the major global financial centres.

(c) As per the data available with SEBI, net foreign investment by FIIs as on March 11, 1995 stood as US $ 3179.5 million.

(d) and (e) While it is difficult to completely isolate any stock market in which cross border investment flows are permitted from the effects of international developments, the restrictions on foreign institutional investment in terms of a ceiling for such investment in any single company to the extent of 5 percent of the capital by an FII and to the extent of 24 per cent of the capital by all FIIs and NRIs as well as the ceiling on exposure of FII investments to Debt securities, would help minimise the impact.

(f) and (g) Several foreign as well as Indian Companies periodically publish research reports, predicting future movements in various Currencies including the Indian Rupee, based on their assessment of the markets and the fundamentals of different economies. Research and market analysis is an important adjunct of a capital market and promotes investor awareness.